Gouvernement du Québec

REFORM OF MUNICIPAL TAXATION AND THE FINANCING OF URBAN AND REGIONAL COMMUNITIES AND OF PUBLIC TRANSPORTATION

Ministère des Finances
Ministère des Affaires municipales
Ministère des Transports

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Chapter I

Introduction

The government's policy intended to restore local power and reform municipal taxation was first submitted and discussed at the Conférence Québec-Municipalités held in June 1978. The government draft was then studied and commented on by the Comité conjoint Québec-Municipalités, which submitted its first report to the government in December 1978.

In last year's Budget Speech, the government, drawing mainly on the recommendations submitted following these consultations, made public the measures which constitute the actual reform of municipal taxation. Along with this policy statement, suggestions were made concerning the reform of the financing of urban and regional communities, and of public transportation. Unlike the measures respecting municipal taxation, which were intended as final, those related to the financing of the communities and of public transportation were really proposals, which would first of all be discussed with the interested bodies. The decisions made were to be announced in the autumn so that the reform of the financing of the communities and of public transportation would become effective on the same day as the reform of municipal taxation: January 1, 1980.

Consultations took place as arranged, and the Comité conjoint Québec-Municipalités submitted a second report to the government in October 1979. This report dealt primarily with the financing of the communities and of public transportation but at the same time it covered certain aspects of municipal taxation proper.

This document, then, represents the next step; it is intended to advise the municipalities and their regional bodies as to government decisions respecting changes in the financing of communities and of public transportation, and those related to new elements and to changes and clarifications with regard to the reform of municipal taxation.

Chapter II

Reform of the financing of urban and regional communities and of public transportation: Objectives

The urban and regional communities are first and foremost administrative units. Their members are not directly elected to the offices they hold. Consequently, the changes made in the financing of these organizations were made with the following objectives in view:

- to show increased respect for the principle of municipal responsibility in the financing of the communities by eliminating from their revenue any own-source revenue;
- to change the part played by the government in financing the communities, by restricting it to provincial programs made available by the communities or to programs the responsibility for which is shared by the government and the municipalities;
- to establish a standard formula for distribution of shares, based on the tax potential of each member municipality or each municipality served.

How will this affect the situation as it now stands? Attainment of these objectives would mean abolition of the Communauté urbaine de Montréal surtax, abolition of budget-balancing grants paid to the communities, and reorganization of government compensations or grants and of the shares of municipalities which are members of communities.

The government's policy with regard to public transportation is intended to meet the following objectives:

- to show increased respect for the principle of local responsibility with regard to public transit services, subject however to the requirements stemming from the pursuit of regional or national objectives;
- to reorganize the form of government assistance with a view to promoting greater efficiency and improved cost control;
- to see to it that grants for capital expenditures become a preferred type of government assistance for maintaining and developing efficient systems and services;
- especially within the major urban centres, to guarantee conditions under which public transportation can become a prime means of transportation, thereby contributing to energy conservation and to the quality of city life; and
- to standardize rules affecting the services provided by public bodies outside their territory.

How will this affect the situation as it now stands? If these objectives are pursued, grants for operating purposes will be based on revenue rather than on deficits or on expenditures, grants for capital expenditures will be higher, and specific assistance will be provided to encourage those who make regular use of public transportation facilities.

Reform of the financing of the communities and of public transportation is part of the broadening of the reform of municipal taxation and substantially alters the overall financial impact of that reform. Forgetting about the abolition of the C.U.M. surtax — most of the yield of which is recovered by the municipalities concerned, out of their business taxes — the changes affecting the shares of the municipalities which are members of communities will bring about a reduction of those shares. So the overall impact of the reform assures the municipalities which are members of communities a net transfer of resources which better corresponds to their particular situation.

Chapter III

Reorganizing the financing of urban and regional communities

In addition to the changes concerning public transportation, last year's Budget Speech contained the following proposals affecting the municipalities' share in the financing of the communities:

- abolition of the C.U.M. surtax. The yield of that surtax and of others abolished by the reform would be recovered through the reorganization of the municipal business tax;
- abolition of budget-balancing grants paid to the urban communities;
- reorganization of shares: each municipality, whether a member of a community or served by it, would participate according to its tax potential.

These proposals have been upheld but, in the light of the results of analyses and consultations carried on during the past few months, a number of complementary measures have been allowed for.

REORGANIZATION OF THE MUNICIPAL BUSINESS TAX

Originally, reorganization of the municipal business tax allowed for a ceiling on the rate of the business tax, according to a multiple of the overall taxation rate; for municipalities which were members of communities, this multiple was to be 5.5, whereas for the others it would be 4. While not seeking to question the principle behind such a ceiling — which seeks to avoid any unwarranted shift of the tax burden from individuals to companies — the government agrees to apply a uniform multiple of the overall taxation rate on the entire territory, so there can be less risk of the gap between the companies' tax burden widening among the municipalities. The multiple to be used is 5.5 times the overall taxation rate: this will make it possible to take account of any changes in the determination of the rental value, which will henceforth be determined on the basis of the net — and no longer the gross — rent of a place of business. This will mean a lower tax base. Since the rental value corresponds to approximately 12% of the property value. The maximum rate of the business tax equals $66^{2}/_{3}$% of the overall taxation rate on a property base.

Equally, the reorganization of the municipal business tax originally meant a lighter tax burden for some companies — though others feared the reverse — even though on the whole the tax burden on the companies was lightened. This problem of the shifting burden, however, occured only within the territory of the C.U.M. It resulted primarily from the fact that most of the surtaxes abolished applied to properties whose value was assessed at more than $100 000 — whereas the municipal business tax provides for no basic exemption — and that, unlike surtaxes, this business tax was not levied on the government's administrative buildings.

In order to minimize the shift of the burden among companies, the government first of all feels that the business tax should be levied on all places of business, including the government's buildings, establishments or administrative premises. Secondly, the government recognizes the special problem which its initial proposal created for companies whose places of business were assessed at less than $100 000. This course does not imply a need for corrective measures which would reduce the tax burden on all companies and substantially increase the cost of the reform for the government. How, indeed, is it possible to agree to the principle of placing a general ceiling on the business tax rate while no such mechanism exists for the property tax applied to all taxpayers? Consequently, it is proposed that a ceiling be placed on the effective tax burden of the business tax borne by small firms, equal to a 15% business tax rate. This is in line with the Comité conjoint's recommendation regarding all companies. In practice, this would amount to the government's refunding the business tax to the municipalities concerned, for the places of business of small firms. This would apply only when the municipality's business tax exceeded 15%. The credit can be expressed as follows:

[(R - 10%) X RV] maximum $1 000 — (5% X RV)

R : rate of municipal business tax

RV: rental value of place of business

Table 1

REFUND OF BUSINESS TAX: IMPACT FOR SMALL FIRMS

Rental value	Equivalent property value	Refund according to business tax rate					
		15%		17%		20%	
		$	%	$	%	$	%
3 000	25 000	—	—	60	2.0	150	5.0
9 000	75 000	—	—	180	2.0	450	5.0
15 000	125 000	—	—	250	1.7	250	1.8
20 000	166 667	—	—	—	—	—	—

This method rectifies the problem of this shift of the burden to small firms, and at the same time it is consistent with the principles of the reform since it is acknowledged that, all things being equal, small firms do not receive the same proportion of supplementary services at the municipal level as do large ones. A corrective measure of the type proposed also makes it possible to take better account of how well this class of taxpayers can pay.

STATE HELP FOR THE URBAN COMMUNITIES

The government acknowledges the validity of the Comité conjoint's stand with respect to payment of compensation to communities for programs of a provincial nature which they make available.

In line with this principle, costs related to food inspection and air quality control will henceforth be supported in full by the government, under contracts for services. The government is prepared to apply the same policy with respect to the criminal investigation police services now ensured by the Communauté urbaine de Montréal and the cities of Québec, Laval and Longueuil to the extent that the federal government recognizes its financial commitments to the police services which in Québec, unlike the situation in most of the other provinces, are entirely financed by the provincial and municipal governments.

The municipalities will absolutely have to take part — if only only to a very small extent — in order to better define the priorities in this sector, and thus to provide a better idea of what government action is needed, and how much. Consequently, the government does not consider it desirable to change the existing rules: the municipalities will still cover 10% of the operating deficits of municipal housing.

REORGANIZATION OF SHARES

The reorganization of shares among the municipalities which are members of a community is intended to establish a fairer distribution of the communities' operating costs. Generally speaking, the cost of services within a community must be borne by the member municipalities, according to each one's tax potential, except for the financing of services where a rate-setting method can be applied. When a particular service is offered to a municipality which is not a member of a community, that municipality's contribution is determined by an agreement between it and the community. Nevertheless, existing agreements assuring the financing of specific objects are not changed and will be observed, especially that concerning the debt service respecting the boulevard métropolitain.

As far as public transportation is concerned, in view of the special situation prevailing on the Island of Montreal, the C.T.C.U.M. deficit must be borne by all the member municipalities, whether served by the community or not, each according to its tax potential, since the public transportation service benefits the entire community, whether the residents use public or private transportation and whether the municipality in which they live is served or not. With regard to the deficits of the C.T.C.U.Q. and the C.T.C.R.O. the status quo is maintained.

For the purposes of calculating shares, a municipality's tax potential is defined as follows:

- the standardized real property assessment of taxable immoveables;
- the standardized real property assessment respecting immoveables owned by the federal government and the gouvernement du Québec;
- 80% of the standardized real property assessment respecting immoveables in the social affairs and education networks;
- 40% of the standardized real property assessment relating to primary and secondary schools; and
- 5.5 times the standardized roll of rental values, including the standardized rental value of government buildings, establishments and administrative premises with respect to which a grant in lieu of a business tax is paid.

FISCAL EFFECTS

Even without the abolition of the surtax of the Communauté urbaine de Montréal, which will be largely recovered by the municipalities through their business tax, the changes in financing of the communities and of urban transport will enable the municipalities to reduce their share of the load by $21 million. The adjustment of the tax-sharing formula will make possible better distribution of the cost of services in common and of the overall effect of the reform among the member municipalities but, for the municipalities belonging to a single community, there will be no effect on the whole.

Table 2

CHANGES AFFECTING THE MUNICIPALITIES' SHARE IN THE FINANCING OF THE URBAN AND REGIONAL COMMUNITIES

Fiscal effect on the municipalities as a whole on the basis of 1979 figures

	(in $ millions)
Abolition of the C.U.M. surtax	(53)
Abolition of the budget-balancing grants paid to the communities	(18)
Compensation for air quality control and food inspection	5
Reorganization of grants for public transportation	34
Reorganization of the tax-sharing formula	0
Net effect on shares	(32)
Net effect on shares omitting the abolition of the C.U.M. surtax	21

Chapter IV

Reorganization of grants for public transportation

At present, the grants paid by the governments to the transit commissions are determined by the deficit incurred in the preceding year, and they vary from 45% to 55% depending upon the clientele. In addition, the government subsidized 60% of the metro's debt service, 30% of the cost of purchasing buses, and up to 33% of the cost of acquiring a transportation undertaking. Finally, the government pays the entire cost of studies of installing and improving public transportation after approving the projects.

Within the program for reform of municipal taxation, the government will make the following changes in its program of assistance to public transportation:

- operating grants related to revenue from regular public transportation services, rather than related to operating deficits;
- larger grants for capital expenditures, covering more categories of capital expenditure;
- grants to encourage the introduction or maintenance of passes at a lower price for regular users;
- clarification of the policy of government assistance in such areas as undertaking studies or pilot projects, services outside the territory, integrated school transport and transport for handicapped persons.

OPERATING GRANTS

In deciding in its reform project to base operating grants on revenue rather than on deficits or expenditure, the government wished to encourage greater efficiency and better cost control.

A grant based on revenue makes it possible to reach these objectives while leaving to the bodies concerned the full benefits of any reduction in expenditure. It does not imply automative sharing in any cost increase. Numerous analyses have yielded arguments in favour of this method. In general, subsidizing the user rather than the producer of a service is the method which interferes least with the economics of the system and the search for maximum productivity in supplying the service. Complete application of this principle is clearly impossible in public transportation; but by basing the government's contribution on revenue rather than on expenditure, one comes as close as possible.

A grant based on revenue rather than on expenditure demands much more from the local manager. It leaves to him total responsibility for decisions concerning the levels of service and rates charged, but that responsibility, while encouraging greater productivity and better cost control, is also the corollary of the local autonomy and decision-making powers demanded by municipalities.

However, the government thought it necessary to include a provision offering the bodies concerned the assurance of a minimum grant determined as a percentage of operating cost in exceptional circumstances such as strikes when they are deprived of their usual source of revenue. These bodies will thus be assured of a minimum contribution during that period which would maintain the government's relative share in the operating deficit at a constant level.

Therefore, assistance to compensate a transit body for an operating deficit is replaced by a grant proportional to revenue obtained from regular public transportation services. It is determined as follows:

- transit commissions and corporations: a grant of 40% of revenue obtained from the regular mass transit system.

The following revenues are considered to be revenues obtained from the regular public transportation system:

- revenues from users, excluding those for activities other than public transportation such as charter trips and airport transfers;
- revenues from contracts for services related to the regular public transportation service, such as those for transport of postmen or policemen;
- subsidies for interchangeable tickets; and
- losses from reduced rates for students and the elderly, excepting losses related to integrated school transport.

The operating grant will be paid quarterly on the basis of the transit bodies' budget estimates. The government assistance will be adjusted annually on the basis of the financial statements and will not exceed the body's actual deficit.

GRANTS FOR CAPITAL EXPENDITURES

More types of capital expenditure are eligible for grants and the percentage of the cost paid has been substantially increased. This form of assistance is particularly favoured by the governement in order to assist in developing public transportation, especially in the metropolitan areas.

For local mass transit systems, the grant for capital expenditures will be raised to 75%. Subsequent acquisitions will be eligible for this grant provided that they are approved in advance by the Ministre des Transports:

- the purchase of an urban or suburban type bus, made in Québec; buses not made in Québec will be subsidized at a lower rate;
- debt service related to purchase of land and construction of buildings such as garages, terminuses, administrative buildings and stations used for public transportation;
- purchase and installation of bus shelters;
- acquisition of all or part of a public transportation undertaking located wholly or partially within the territory of the transit body.

So as not to penalize transit commissions which have made major investments in recent years, the government agrees to subsidize 75% of the balance of the debt service related to the construction of garages built since January 1, 1975, and 50% of the balance of the debt related to the puchase of buses acquired since January 1, 1974.

The government's participation in the Metro and other regional facilities for rapid mass transit will be as follows, provided that the projects have been approved in advance by the Ministre des Transports:

- the subsidy for the Metro's debt service remains at 60% for works undertaken before January 1, 1980;
- the subsidy for the Metro's debt service and other regional facilities for rapid urban transport is set at 100% for works undertaken after January 1, 1980.

SUBSIDIES RELATED TO PASSES

The government's primary aim is to maintain conditions favouring public transportation as the principal means of travel, especially in downtown metropolitan areas. Therefore, a substantial increase is planned in subsidies for transit commission capital expenditures, confirming the need to ensure development of mass transit systems. However, an additional measure is necessary to encourage and create wider use of public transportation facilities.

The government considers it desirable to introduce a measure encouraging the use of passes. This measure provides for a higher subsidy on revenue obtained from the sale of passes. This additional subsidy will encourage public transit bodies to put into effect price differences favouring their regular customers. These include many low-income passengers for whom public transport is the only method of transportation used in travelling to and from work or downtown. These customers should be favoured by the government, especially in the C.T.C.U.M.'s territory.

The introduction of passes will require a complete reorganization of rates to encourage purchase of passes. A difference of at least 30% would seen to be required between the price of a trip using a pass and one using a ticket or cash. The result would be a drop in revenue for the transit body and consequently a reduction in the government subsidy based on revenue. In order to compensate for the losses which the sale of passes will cause, the government will pay an additional subsidy of 110% of the reduction given to customers up to maximum difference of 30% between the price of the pass and a sum equal to 50 times the regular rate.

For example, a regular customer of the C.T.C.U.M. now pays each month 50 times $0.466, or $23.30. A maximum reduction of 30% may be given on the price of a pass, representing a saving for the customer and a loss for the commission of $7.00. In this case, the government would pay compensation of $7.70 per pass, or 110% of the reduction given.

OTHER ELEMENTS OF THE POLICY OF ASSISTANCE TO PUBLIC TRANSPORTATION

(a) Grants for carrying out studies or pilot projects

The government could provide a grant of up to 100% of the cost of pilot projects and studies on the installation and improvement of public transportation services. The percentage of the grant would be determined in each case according to the nature and scope of the studies on projects after approval by the Ministre des Transports.

(b) Service outside the territory

When necessary, the various enactments governing the commissions and corporations will be amended to enable them to:

1. Offer services outside their territory on the basis of a service contract negotiated with one or more adjacent municipalities, provided that the services offered are extensions of the municipality's regular urban network.
2. Offer intercity or suburban services outside their territory through special or express lines.

   Provide in the Act for a contribution by the municipalities so served in the case of a deficit in those services.

   Keep separate accounts of revenue and expenditure related to those services.

(c) Integrated school transport

All exclusively school transport provided according to the standards applicable will be considered a special activity yielding revenue at least equal to the actual cost.

In the case of integrated school transport, the price paid to public transit bodies will be established in the proportion between the lesser of the regular adult rate increased by the percentage of the subsidy applicable to regular revenue and the average cost of exclusively school transport.

Regarding reduced rates given to certain other categories of customers, they result from both rate-setting and social policy. While it encourages these measures, the government has no formal policy in this matter, and no control over such practices. Nevertheless, it proposes to include any losses in calculating the government subsidy. In this way, the government will not profit from rate reductions, and an increase in preferential rates now in force will not yield any additional contribution by the government to the financing of transit commissions.

(d) Transport for the handicapped

The Act guaranteeing the rights of the handicapped requires public transit bodies to set up a transport service to meet the needs of those persons. This assistance program does not cover such services. This special activity is covered by a special assistance program, and the government does not consider it expedient, for the time being, to alter procedures.

(e) Minimum transfer guarantee for 1980

To make the transition easier between the present assistance program to public transportation and the proposed formula, every transit commission and corporation will, for 1980, receive at least the equivalent of the amount they would have collected under the present system.

FISCAL EFFECTS

The policy of assistance to public transportation applicable from January 1, 1980, will yield to transit bodies additional contributions estimated at more than $34 million on the basis of 1979 figures, compared to the present assistance formula. Table 3 shows the fiscal effect on each transit body of the changes in government assistance to public transportation.

Table 3

REORGANIZATION OF GRANTS FOR PUBLIC TRANSPORTATION

Fiscal effects on transit commissions on the basis of the present rate structure and the 1979 figures

	C.T.C.U.M.	C.T.C.U.Q.	C.T.L.	C.T.C.R.O.	C.T.R.S.M.[1]	TOTAL
	(In $ millions)					
Present system						
Operating deficit	60.2	9.1	5.0	3.2	7.2	84.7
Metro debt service	52.3	—	—	—	—	52.3
Purchase of buses	4.1	1.3	0.6	0.5	1.0	7.5
Total	**116.6**	**10.4**	**5.6**	**3.7**	**8.2**	**144.5**
Proposed system						
Revenue grant	62.3	6.0	3.9	1.9	2.8	76.9
Reduction in interest through accelerated payment of revenue grant	7.5	—	—	—	—	7.5
Metro debt service	52.3	—	—	—	—	52.3
Buses and other capital expenditures	12.8	6.6	2.0	1.9	3.9	27.2
Compensation: integrated school transport	4.2	0.2	1.3	0.5	0.1	6.3
passes	6.6	1.7	0.2	0.3	0.4	9.2
Total	**145.7**	**14.5**	**7.4**	**4.6**	**7.2**	**179.4**
Net effect	**29.1**	**4.1**	**1.8**	**0.9**	**(1.0)**	**34.9**

1 The C.T.R.S.M. is temporarily in a very particular situation because of the extremely rapid expansion of its network in recent years. However, for the first year the reform is enforced it will receive a transfer equivalent to that made under the present system.

Chapter V

Changes in the plan to reform municipal taxation

In addition to making major changes to the method of financing regional and urban communities and public transportation, the government deems it necessary to deal once again with the reform of municipal taxation per se. On the basis of the recommendations made by the Comité conjoint Québec-Municipalités, the government is announcing new elements as well as changes and clarifications in the reform of municipal taxation.

TRANSFER OF THE STANDARDIZED SCHOOL PROPERTY TAX FIELD

The transfer of the standardized school property tax field to the municipalities constitutes the cornerstone of the municipal tax reform. This does not mean that the municipalities will have exclusive access to this field since the property taxes collected by the school boards for financing expenses that do not qualify for budget-balancing grants remain their main source of own-source revenue. As announced in the last Budget Speech, however, this source of revenue is subject to a braking mechanism in that the school boards must hold a referendum and obtain the agreement of the citizens before levying a property tax greater than $0.25 per $100 of standardized assessed value or whose yield is greater than 6% of the net expenditure of the school boards. Net expenditure equals the amount of expenditure that does qualify for grants on the basis of the budgetary rules of the ministère de l'Éducation regardless of the debt service for capital expenditure.

The school boards which, for the present school year, receive supplementary revenues exceeding the ceiling set can, however, benefit from a transition plan. They can average the reduced supplementary taxes exceeding the ceiling over a five-year period at the rate of at least 20% a year; otherwise they must hold a referendum.

The government proposes to pay an equalization grant to the school boards using a formula similar to the one applied to the municipalities. The equalization payments will be based on the difference between a school board's standardized property assessment per student and the standardized property assessment per student for all the school boards, taking into account the amount of the revenues from supplementary taxes within the limits set by the government.

In mathematical terms, the equalization formula may be expressed as follows:

$$\text{EQUALIZATION} = \left[\begin{array}{l}\text{fiscal capacity}\\ \text{deficiency factor}\end{array}\right] \times \left[\begin{array}{l}\text{eligible supplementary}\\ \text{tax revenues collected}\end{array}\right]$$

$$P_s = \left[1 - \left(\frac{RA_s/STUD_s}{RA_q/STUD_q}\right)\right] \times \left[STR_s\right]$$

where P : equalization payment.
RA : standardized real estate assessment. This is divided among the local and regional school boards to determine the fiscal capacity deficiency factor for each.
STUD : number of students.
s : school board.
q : all the school boards.
STR : eligible supplementary tax revenues collected.

The eligible supplementary tax revenues are those collected within the limits set by the government, that is, 6% of net expenditure or $0.25 per $100 of shared standardized assessed value.

In addition, when applying the ceiling and calculating equalization and financing, each school board or regional board is considered a separate entity, with the exception of the Conseil scolaire de l'Île de Montréal whose eight school boards form a unit. This implies an important change in financing compared to the present situation where a regional board distributes its supplementary expenditures among the school boards which in turn impose the taxes. Local school boards will nevertheless continue to collect supplementary taxes from the regional board.

The property tax base of a regional board is therefore equal to the total standardized value of taxable property in the regional board's territory multiplied by the relation between the number of students served by the regional board and the total number of students served by the school boards belonging to the regional board. The property tax base of a local school board equals the total standardized value of the taxable property in its territory multiplied by the remainder of the percentage obtained above.

On the basis on the 1978-1979 school board budgets, the potential supplementary tax revenues, given the checks worked into the system, are evaluated at $116 million compared to $106 million unsubsidized expenditure for the same year. If the equalization program had been applied, the school boards would have received a $7 million grant and a maximum of $14 million if they had levied property taxes equivalent to the limits set.

BROADENING THE PROPERTY TAX BASE

The reform of municipal taxation provides for a broadening of the property tax base through the payment by the government of grants in lieu of taxes on the value of all the immoveables in the public and parapublic sectors, the taxation of certain real property now exempt and the reorganization of the tax system for telecommunications, electricity and gas companies. The government had not adopted payments in lieu of the municipal business tax and this was not in keeping with the principle of the integrity of the property tax base sought by the reform. Moreover, the special treatment given the Régie de la Place des Arts as regards property taxes had not been corrected although it had in the case of the Grand Théâtre de Québec. Finally, the government realized that changes had to be made to the taxation system for electricity companies.

In keeping with what had been mentioned earlier, the government agrees to pay a grant in lieu of business tax on its buildings, establishments and administrative premises. While respecting the principles set down by the reform, the government expects that its decision will act upon the federal government which refuses to take the municipal business tax on rental value into account in its grants that replace property taxes for municipalities in Québec. The federal policy in this respect is unfair since it provides for the payment of grants in lieu of business taxes based on the real property value in the other provinces but refuses to give similar treatment to Québec municipalities on the pretext that in Québec the business tax is dependent on rental value.

The immoveables belonging to the Régie de la Place des Arts are now exempt from all municipal or school property tax under the Place des Arts Act. They are nevertheless charged for municipal services where the rate does not exceed $0.50 per $100 of taxable assessed value. In keeping with the principle of the integrity of the property tax base, the government will pay a grant in lieu of property and business taxes for these immoveables to the City of Montréal, even though it does not own the Régie's immoveables.

Finally, the reform provides that the telecommunications, electricity and gas companies will have to pay a reasonable equivalent to municipal taxes in the form of a tax on their taxable gross income. This tax will be collected by the ministère du Revenu and returned to the municipalities after collection fees of 1.5% of the proceeds of the tax have been deducted. Private electricity companies will also have to pay a supplementary tax based on production not subject to final sales taxes so that electricity companies that use all their own production or sell all their production outside Québec nevertheless pay municipal taxes.

REORGANIZATION OF THE MUNICIPAL BUSINESS TAX

As a result of the last Budget Speech, the tax on the rental value of places of business is now available to all the municipalities, and licences and permits can be used only for activities controlled by the municipality. Levels are determined on the basis of the actual control cost. Urban municipalities can benefit from a two-year period for applying this measure while rural municipalities have four years. No municipality can levy the equivalent of a business tax on non-residents except through permits for purposes of control. In addition, as of January 1, 1982, as soon as a municipality levies a business tax on rental value, it is bound to respect the new government policy on licences and permits.

As explained earlier, the government agrees to set a uniform maximum business tax for the entire territory. It will be a multiple of 5.5 times the overall taxation rate for the municipality and will give the municipalities, for small companies, the excess of the business tax due to a rate greater than 15%.

Table 4

REORGANIZATION OF TAXES ON PLACES OF BUSINESS

On the basis of data for 1979

Proceeds of taxes collected locally		Incidence of taxes collected locally			
		Companies	Individuals	Canada	Québec
		(in $ millions)			
Present system					
Business tax on rental value	147	147			
Montréal surtax on immoveables valued at $100 000 and more	23	16	4	2	1
C.U.M. tax on immoveables valued at $100 000 and more	53	35	14	3	1
School surtaxes	103	73	24	6	—
Total	**326**	**271**	**42**	**11**	**2**
Proposed system					
Business tax on rental value	257	247			10
Grants in lieu of business tax	22				22
Total	**279**	**247**			**32**
Net impact	**(47)**	**24**	**42**	**11**	**(30)**

GOVERNMENT AID TO MUNICIPALITIES

With the reform on municipal taxation, the government committed itself to reducing to a minimum the assistance given municipalities through grants. Although most of the conditional and unconditional grants paid to the municipalities were abolished, the decisions regarding the financing of the deficit of the Régie de la Place des Arts, the financing of the Conseil des Arts and the special grant to the City of Québec had not been taken.

(a) Financing the deficit of the Régie de la Place des Arts

The deficit incurred by the Régie de la Place des Arts is divided in equal parts between the City of Montréal and the gouvernement du Québec. The calculation of the deficit takes into account all the operating expenses and capital expenditures including the interest on and the amortization of the bonds issued by the Régie. The share of the deficit that fell to the City of Montréal is distributed in proportion to population among the cities that make up economic region 10, that is, the 29 cities of the Island of Montréal and the City of Laval; their respective contributions are deducted at source from the revenues they receive from the portion of the sales tax returned to those municipalities.

When the municipalities no longer receive a share of the sales tax, the Régie de la Place des Arts deficit will be shouldered in its entirety by the government. The Régie de la Place des Arts will then be dealt with in the same way as the Grand Théâtre de Québec and the municipalities of the C.U.M. as well as the City of Laval will be the ones to profit most from this move.

(b) Financing the Conseil des Arts de Montréal

The Conseil des Arts de la région métropolitaine de Montréal was created under the Charter of the City of Montréal. The Conseil des Arts fund is made up of contributions from each of the cities in economic region 10 at the rate of 1% of their revenues from the sales tax. Since this source of revenue is to be abolished when the reform comes into force and since the City of Montréal will receive a grant in lieu of tax of about $5 million, for the Régie de la Place des Arts immoveables and an additional gain of about $1 million due to the government's decision to fully absorb the Régie's deficit, the government is of the opinion that the City of Montréal should undertake to finance fully the Conseil des Arts.

(c) Special grant to the City of Québec

For some years now, the government has been giving Québec City a special grant as the national capital. Since this type of grant resembles a budget-balancing grant more than anything else, the government no longer sees the need to perpetuate it since the government will become a full taxpayer.

This does not mean that no government contribution can be made for projects proposed by the City of Québec that are clearly related to its particular position as national capital.

(d) Equalization fund

Taking into account new elements, the government was led to make certain improvements to the equalization program in order to assist the less favoured urban municipalities.

The reform provided for an equalization fund which benefited above all the rural municipalities. Its purpose was to help such municipalities offer essential public services without having to levy taxes at too heavy a rate for the taxpayers. Upon analysis, it turned out that the equalization formula would have to be improved in order to assist some urban municipalities as well. Even though their fiscal potential is greater than that of rural municipalities, municipalities with too small a property tax base, particularly those with 20 000 inhabitants and more, must make a major tax effort to provide the services that must be offered by municipalities of that size.

In order to attenuate the fiscal pressure on municipal taxpayers, equalization payments will be paid to municipalities with 20 000 inhabitants and over on the basis of the difference between the municipality's observed fiscal potential and 75% of the average fiscal potential of all the municipalities, taking into account the amount of the taxes from local sources collected by the municipality. There will therefore be different equalization formulas for municipalities with less than 20 000 inhabitants and municipalities with more.

In mathematical terms, the equalization formula is as follows:

$$\text{Equalization} = \left[\begin{array}{l}\text{fiscal capacity}\\ \text{deficiency factor}\end{array}\right] X \left[\text{taxes from local sources}\right]$$

For municipalities with less than 20 000 inhabitants

$$Pm = \left[2/3 - \frac{RAm/POPm}{RAq/POPq}\right] \quad X \quad Rm$$

For municipalities with 20 000 inhabitants and more

$$Pm = \left[3/4 - \frac{RAm/POPm}{RAq/POPq}\right] \quad X \quad Rm$$

P : equalization payment

RA : standardized real estate assessment including 100% of the assessment relative to federal and Québec government buildings, 80% of the assessment relative to the buildings of the social affairs and education networks, and 40% of the assessed value relative to elementary and secondary schools;

m : municipality

q : all the municipalities

POP : population, according to the census

R : taxes from local sources, excluding revenue from the business tax.

The fiscal capacity deficiency factor is calculated each year on the basis of population data obtained during the census made every 5 years and the property assessment rolls submitted in September of the year preceding the municipality's fiscal year. The property values contained in the municipal assessment roll with be standardized by applying the adjustment factor decided upon by the ministère des Affaires municipales.

FISCAL EFFECTS

With the changes and clarifications in the reform of the method of financing municipalities, it is possible to elucidate the new financing structure of the school boards and reduce the pressure exerted by those agencies on the property tax field. In addition, the changes and clarifications contribute to an increase in the net transfer of resources to the municipalities and a better balanced distribution of the financing of the cost of services among the various categories of taxpayers, particularly in the Montréal region.

Table 5

FISCAL EFFECTS OF CHANGES TO THE PLAN TO REFORM MUNICIPAL TAXATION

on the basis of data for 1979

	(in $ millions)
Grants in lieu of municipal business tax on public buildings	22.0
Refund of business taxes for small firms	10.0
Grant in lieu of property taxes relative to the Place des Arts	4.8
Grant for the Place des Arts deficit	
— Montréal	1.3
— other municipalities	1.2
Financing the Conseil des Arts	
— Montréal	(0.7)
— other municipalities	0.7
Special grant for the City of Québec	(4.0)
Equilization improvement for municipalities with 20 000 inhabitants and more	4.0
Total	**39.3**

Chapter VI

Transitional provisions concerning the coming into force of the reform, and the medium-term outlook

TRANSITIONAL PROVISIONS

The reforms of municipal taxation, urban and regional community financing and public transportation will come into force on January 1, 1980. Under the new method of financing, a considerable portion of municipal revenue will come from transfers as grants in lieu of taxes on buildings of the public and parapublic sectors, the grants in lieu of taxes from telecommunications, electricity and gas companies, the compensations for the ceiling effect of property taxes on farm land and equalization payments.

The amount of a municipality's transfers is tied to the taxation rate which it imposes on its taxpayers. In order to allow municipalities to take into account, in the preparation of their budgets, the impact on their revenue of this interaction between the taxation rates and the levels of government transfers, the government plans to provide each of the municipalities with equal property tax bases for the grants in lieu of taxes from telecommunications, electricity and gas companies and equalization; the property tax base pertinent to the grants in lieu of taxes on government and paragovernmental buildings and to the compensation for the ceiling effect of property taxes on farm land is obtained directly from the municipal assessment roll.

However, this process requires the factor of adjustment of the assessment roll for each of the municipalities. Unlike the situation that will prevail in the future, the adjustment factors for the first year during which the reform is applied will not be available until the beginning of the year. Consequently, the government gives municipalities until March 31, 1980, to table their budgets and allows them to collect provisional taxes, so that in the meantime the government may provide each of the municipalities with the information necessary to finalize their budgets for the year 1980.

As a general rule, the government intends to establish specific regulations concerning the means by which transfers are made to municipalities: calculation base, dates for provisional and final readjustment payments, and other means. As far as the actual grants in lieu of taxes on government buildings are concerned, the government is considering making a final payment based on the municipal tax assessment, as do other taxpayers. As for the grants in lieu of taxes on government buildings or other transfers tied to the overall taxation rate, the government will make payments for one year in two instalments: one provisional payment to be made during the taxation year equal to 90% of the amounts otherwise payable estimated on the basis of the municipal budgets, and one final readjustment payment to be made the following year based on the municipal financial statements.

This procedure, which is aimed mainly at recovery of overpayments from municipalities, will have the effect of reducing the actual transfer payments to municipalities on a cash basis and for one year only. However, this reduction will be offset to a very large extent by the liquidation over the next year of the accounts payable at December 31, 1979, with respect to the shares of the sales tax, the meals and hotels taxes and the tax on the gross revenues of telecommunications companies, these accounts payable representing transfers five times greater than the reduction mentioned previously.

MEDIUM-TERM OUTLOOK

The government's decision to obtain financing for the municipalities, including the share they pay to the communities, mainly from the property tax base, has been of continual concern to the municipalities in regard to the limits of this taxation field. The studies conducted by the Comité conjoint show that property tax constitutes an adequate medium-term tax potential as long as the principle of integrity of the property tax base is upheld.

The implementation of the reform of municipal taxation on January 1, 1980, already constitutes an important step as far as integrity of the property tax base is concerned. However, with the reform of the communities' means of financing, the government must continue along this course to ensure the viability of the reform in the medium-term. The largest cities, particularly Montréal and Québec City, are the most affected by the non-integrity of the property tax base. Recent studies show that in spite of the improvements made by the reform, the lost earnings of which the non-taxable property tax base is constituted are relatively greater for Montréal and Québec City than for all the municipalities as a whole.

Thus, faced with this reality and the expectations of the municipalities, the government undertakes to attain the following objectives in the medium term:

- concerning the government directly, to become a full taxpayer for buildings of the social affairs and education networks, as it is for its own buildings, beginning in the first year of the reform;
- concerning the Government of Canada, to take the necessary steps so that it as well becomes a full taxpayer, which involves changes in the current federal policy and the policy proposed by Bill C-3, tabled in the House of Commons on October 12, 1979;
- concerning non-profit organizations, to see that they become full taxpayers or, failing this, taxpayers that participate in the well-being of the local community either by the taxes they pay or by the services they render, so far as their ability to pay allows.

Chapter VII

Impact of the reform of municipal taxation, and financing of the communities and public transportation

In addition to strengthening municipal autonomy and municipal responsibility in the financing of the communities and public transportation, the reform provides for a net transfer to the municipalities of resources estimated at $365 million before the $43 million reduction attributable to the abolition of conditional grants. The bulk of these additional resources comes from the gouvernement du Québec.

However, since the proposed transfer of resources represents more than 13% of the total municipal budgets, the standardized school property tax field will be taken over only gradually. Consequently, the portion of the standardized school property tax field that will not be immediately taken over by the municipalities will enable both individual and corporate taxpayers to benefit from a lessening of their tax burden.

So as to make its impact on taxpayers and governments easier to understand, the reform has been simulated according to two hypotheses:

1. the municipalities take over the entire standardized school property tax field;
2. the municipalities cause taxpayers to benefit from the entire net transfer of resources.

Tables 6 et 7 show the total impact of the reform for each of the hypotheses chosen.

Table 6

IMPACT ON MUNICIPAL REVENUE AND EXPENDITURE AND SOURCE FROM WHICH THE REFORM WILL BE FINANCED

Hypothesis no. 1 The municipalities take over the entire standardized school property tax field	Impact on municipal budgets	Source from which the reform will be financed				
		Individuals' share	Corporations' share		Governments' share	
			Telecommunications, electricity and gas companies	Other corporations	Canada and other provinces	Québec
			(in $ millions)			
CHANGES AFFECTING OWN-SOURCE REVENUE						
1. Transfer of the field of school property taxes collected						
1.1 Taxes collected	529				14	(543)
1.2 Taxes not collected because of the freeze in the value of taxable school property		22		7	1	(30)
1.3 Abolition of school surtaxes		24		73	9	(106)
2. Broadening of the tax base						
2.1 Grants in lieu of taxes on the full value of buildings of the social affairs and education networks	160					(160)
2.2 Additional grants in lieu of taxes on government buildings						
2.2.1 due to the transfer of the standardized school property tax						
— gouvernement du Québec buildings	6					(6)
— Government of Canada buildings	10					(10)
2.2.2 due to the broadening of the program for compensation in lieu of property taxes on public buildings	4					(4)
2.3 Grants in lieu of municipal business tax on government buildings	22					(22)
2.4 Property taxes on real property now exempt	18			(18)		
2.5 Amendments to the tax system for telecommunications, electricity and gas companies	74		(65)			(9)
2.6 Compensation for the ceiling effect of property taxes on farm land	5					(5)
3. Reorganization of business taxes and surtaxes						
3.1 Tax on the rental value of places of business	94			(84)		(10)
3.2 Abolition of the tenant's tax	0					
3.3 Abolition of the City of Montréal surtax	(7)	4			2	1
Net transfer of own-source revenue	**915**	**50**	**(65)**	**(22)**	**26**	**(904)**

Table 6 (cont'd)

IMPACT ON MUNICIPAL REVENUE AND EXPENDITURE AND SOURCE FROM WHICH THE REFORM WILL BE FINANCED

Hypothesis no. 1 The municipalities take over the entire standardized school property tax field	Impact on municipal budgets	Source from which the reform will be financed				
		Individuals' share	Corporations' share		Governments' share	
			Telecommunications, electricity and gas companies	Other corporations	Canada and other provinces	Québec
			(in $ millions)			
CHANGES AFFECTING GOVERNMENT ASSISTANCE						
1. Abolition of unconditional grants						
1.1 Share of the sales tax	(406)					406
1.2 Share of the tax on meals and hotels	(37)				(1)	38
1.3 Per capita subsidies	(72)					72
1.4 Existing grants in lieu of taxes on the buildings of the networks, based on the number of beds or students and on the assessed value	(32)					32
1.5 Abolition of the special grant to Québec City	(4)					4
1.6 Deficit of the Place des Arts and financing of the Conseil des Arts	3					(3)
2. Equalization fund	23					(23)
3. Minimum transfer formula	7					(7)
Net transfer of government assistance	**(518)**	**0**	**0**	**0**	**(1)**	**519**
CHANGES AFFECTING THE MUNICIPALITIES' SHARE IN FINANCING URBAN COMMUNITIES AND PUBLIC TRANSPORTATION						
1. Reorganization of the municipalities' shares	0					
2. Abolition of the C.U.M. surtax	(53)	14		35	3	1
3. Abolition of the budget-balancing grants to urban communities	(18)					18
4. Air quality control and inspection of food	5					(5)
5. Reorganization of grants for public transportation						
5.1 for operating purposes	0					0
5.2 for investment purposes	19					(19)
5.3 loss of earnings: integrated school transport and passes	15					(15)
Net impact on the municipalities' shares	**(32)**	**14**	**0**	**35**	**3**	**(20)**
TOTAL NET TRANSFER, WITH THE EXCEPTION OF THE ABOLITION OF CONDITIONAL GRANTS	**365**	**64**	**(65)**	**13**	**28**	**(405)**

Table 7

IMPACT ON MUNICIPAL REVENUE AND EXPENDITURE AND SOURCE FROM WHICH THE REFORM WILL BE FINANCED

Hypothesis no. 2 The municipalities cause the taxpayers to benefit from the entire net transfer of resources	Impact on municipal budgets	Source from which the reform will be financed				
		Individuals' share	Corporations' share		Governments' share	
			Telecommunications, electricity and gas companies	Other corporations	Canada and other provinces	Québec
			(in $ millions)			
CHANGES AFFECTING OWN-SOURCE REVENUE						
1. Transfer of the field of school property taxes collected						
1.1 Taxes collected	235	203		91	14	(543)
1.2 Taxes not collected because of the freeze in the value of taxable school property		22		7	1	(30)
1.3 Abolition of school surtaxes		24		73	9	(106)
2. Broadening of the tax base						
2.1 Grants in lieu of taxes on the full value of buildings of the social affairs and education networks	134					(134)
2.2 Additional grants in lieu of taxes on government buildings						
2.2.1 due to the transfer of the standardized school property tax						
— gouvernement du Québec buildings	5					(5)
— Government of Canada buildings	4					(4)
2.2.2 due to the broadening of the program for compensation in lieu of property taxes on public buildings	2					(2)
2.3 Grants in lieu of municipal business tax on government buildings	20					(20)
2.4 Property taxes on real property now exempt	15			(15)		
2.5 Amendments to the tax system for telecommunications, electricity and gas companies	74		(65)			(9)
2.6 Compensation for the ceiling effect of property taxes on farm land	3					(3)
3. Reorganization of business taxes and surtaxes						
3.1 Tax on the rental value of places of business	70			(60)		(10)
3.2 Abolition of the tenant's tax						
3.3 Abolition of the City of Montréal surtax	(7)	4			2	1
Net transfer of own-source revenue	**555**	**253**	**(65)**	**96**	**26**	**(865)**

Table 7 (cont'd)

IMPACT ON MUNICIPAL REVENUE AND EXPENDITURE AND SOURCE FROM WHICH THE REFORM WILL BE FINANCED

Hypothesis no. 2 The municipalities cause the taxpayers to benefit from the entire net transfer of resources	Impact on municipal budgets	Source from which the reform will be financed				
		Individuals' share	Corporations' share		Governments' share	
			Telecommunications, electricity and gas companies	Other corporations	Canada and other provinces	Québec
		(in $ millions)				
CHANGES AFFECTING GOVERNMENT ASSISTANCE						
1. Abolition of unconditional grants						
1.1 Share of the sales tax	(406)					406
1.2 Share of the tax on meals and hotels	(37)				(1)	38
1.3 Per capita subsidies	(72)					72
1.4 Existing grants in lieu of taxes on the buildings of the networks, based on the number of beds or students and on the assessed value	(32)					32
1.5 Abolition of the special grant to Québec City	(4)					4
1.6 Deficit of the Place des Arts and financing of the Conseil des Arts	3					(3)
2. Equalization fund	18					(18)
3. Minimum transfer formula	7					(7)
Net transfer of government assistance	**(523)**	**0**	**0**	**0**	**(1)**	**524**
CHANGES AFFECTING THE MUNICIPALITIES' SHARE IN FINANCING URBAN COMMUNITIES AND PUBLIC TRANSPORTATION						
1. Reorganization of the municipalities' shares	0					
2. Abolition of the C.U.M. surtax	(53)	14		35	3	1
3. Abolition of the budget-balancing grants to urban communities	(18)					18
4. Air quality control and inspection of food	5					(5)
5. Reorganization of grants for public transportation						
5.1 for operating purposes	0					0
5.2 for investment purposes	19					(19)
5.3 loss of earnings: integrated school transport and passes	15					(15)
Net impact on the municipalities' shares	**(32)**	**14**	**0**	**35**	**3**	**(20)**
TOTAL NET TRANSFER, WITH THE EXCEPTION OF THE ABOLITION OF CONDITIONAL GRANTS	**0**	**267**	**(65)**	**131**	**28**	**(361)**

INDIVIDUALS

The reform's impact on individuals varies with the hypothesis used for the degree to which the municipalities take over the transferred field and with the individual's status as landlord or tenant.

In addition to the property tax reductions resulting from the tax reform individuals will also benefit from a property tax refund payable in the first months of 1980 after they have filed their income tax returns for the 1979 taxation year.

Table 8

PROPERTY TAX REDUCTIONS FOR INDIVIDUALS

on the basis of data for 1979

Hypothesis	Tenants	Landlords	Total
	(in $ millions)		
The municipalities take over the entire standardized school property tax field			
• Reform	21	43	64
• Property tax credit	27	55	82
Total	**48**	**98**	**146**
The municipalities cause the taxpayers to benefit from the entire net transfer of resources			
• Reform	112	155	267
• Property tax credit	24	48	72
Total	**136**	**203**	**339**

COMPANIES

The impact of the reform on companies varies with the hypothesis used for the degree to which the municipalities take over the transferred field, with the location of the company and its status as a telecommunications, electricity, gas or other company.

(a) Telecommunications, electricity and gas companies

The proposed changes to the taxation system for telecommunications, electricity and gas companies result in a $65 million increase in their tax burden and a $74 million transfer to the municipalities. This difference is due to the abolition of the supplementary provincial tax on paid-up capital of telephone companies.

Table 9

IMPACT ON TELECOMMUNICATIONS, ELECTRICITY AND GAS COMPANIES

on the basis of data for 1979

	Companies			Municipalities
	Former formula	New formula	Increase	Increase in revenue
	(In $ millions)			
Telecommunications companies				
• telecommunications	16.9	51.5	34.6	34.6
• cable distribution	0.4	1.0	0.6	0.6
Municipal taxes on telecommunications networks	2.0	—	(2.0)	(2.0)
Supplementary provincial tax on paid-up capital of telephone companies	8.4	—	(8.4)	—
Total — telecommunications	**27.7**	**52.5**	**24.8**	**33.2**
Electricity companies				
• Hydro-Québec	4.6	43.1	38.5	38.5
• Private companies	1.5	2.5	1.0	1.0
• Municipal corporations and cooperatives[1]	0.0	0.7	0.7	0.7
Gas companies	1.2	1.5	0.3	0.3
Total — electricity and gas	**7.3**	**47.8**	**40.5**	**40.5**
Total	**35.0**	**100.3**	**65.3**	**73.7**

1 The tax on municipal corporations applies to the value added, i.e. to the difference between the value of sales and the value of purchases from Hydro-Québec or other producers.

(b) Other companies

Generally, even assuming the municipalities take over the entire transferred field, the total tax burden of companies other than telecommunications, electricity and gas companies is reduced. In addition, the reduction of the tax burden of the undertakings within the territory of the C.U.M. extends to all companies if it is assumed that the municipalities will take over only part of the field transferred and have their taxpayers benefit from the total net transfer of resources.

Small firms will be able to benefit from a business tax credit insofar as they will not have to pay a business tax greater than 15% even if the rate set by the municipality exceeds 15%.

Table 10

IMPACT ON COMPANIES OTHER THAN TELECOMMUNICATIONS, ELECTRICITY AND GAS COMPANIES

on the basis of data for 1979

	Hypothesis: total takeover of the standardized school property tax field			Hypothesis: partial takeover of the standardized school property tax field		
	Reform	Business tax credit	Total	Reform	Business tax credit	Total
	(In $ millions)					
Montréal	1.8	7.7	9.5	38.2	7.7	45.9
Other cities of the C.U.M.	14.3	1.2	15.5	44.1	1.2	45.3
Québec	(1.1)	0.6	(0.5)	2.8	0.6	3.4
Other cities of the C.U.Q.	0.7	—	0.7	4.9	—	4.9
Cities of the C.R.O.	—	—	—	3.4	—	3.4
Other municipalities	(2.8)	—	(2.8)	37.6	—	37.6
Total	**12.9**	**9.5**	**22.4**	**131.0**	**9.5**	**140.5**

GOVERNMENTS OF CANADA AND THE OTHER PROVINCES

The reform implies the recuperation by the federal government of $34 million in equalization payments. The equalization formula takes into account only the school property taxes and therefore excludes municipal taxes. The transfer of the standardized school property tax field to the municipalities therefore results in a $16 million reduction in equalization payments for Québec and a $18 million reduction for the other provinces.

The reform also implies a decrease in grants replacing property tax from the federal government since municipal and school property surtaxes are abolished and recuperated through the municipal business tax which is not subject to federal grant in lieu of tax, on the pretext that it is based on rental value and not on property value.

Steps have been taken to persuade the federal government to modify its equalization and grants in lieu of tax programs in order to rectify this situation. As yet, there is no sign of a favourable outcome for the provinces and municipalities.

Table 11

IMPACT ON THE GOVERNMENT OF CANADA BUDGET

on the basis of data for 1979

	Canada	Québec	Other provinces	Municipalities
			(In $ millions)	
Equalization relative to:				
• the standardized school property tax	36	(17)	(19)	
• the tax on meals and hotels	(2)	1	1	
Grants replacing property taxes	11	—	—	(11)
Net impact	**45**	**(16)**	**(18)**	**(11)**

GOUVERNEMENT DU QUÉBEC

The reform has major financial consequences for the gouvernement du Québec, as a result of the transfer of the standardized school property tax, the government must increase its participation in the financing of school board. The additional cost of this financing and the payment of grants in lieu of taxes on buildings in the public and parapublic sectors are partly offset by the recuperation of the unconditional grants and most of the conditional grants.

The government's decision to introduce a property tax credit in order to make the property tax base the cornerstone of municipal financing also affects the government's budget for fiscal reform.

Finally, the changes made to the financing of urban and regional communities and public transportation have major financial repercussions for the government.

In all, then, according to the hypothesis used for the degree to which the municipalities take over the transferred field, the net cost of the reform for the government varies between $318 million and $362 million to which must be added the cost of the property tax credit.

Table 12

IMPACT ON THE QUÉBEC GOVERNMENT'S BUDGET

On the basis of data for 1979

	Hypothesis: total takeover of the standardized school property tax field	Hypothesis: partial takeover of the standardized school property tax field
	(In $ millions)	
Cost of the reform before the impact of the abolition of conditional grants	405	361
Impact of the abolition of conditional grants	(43)	(43)
Net cost of the reform	362	318
Cost of property tax credit	82	72
Total	**444**	**390**

APPENDIX I

IMPACT ON THE LEVELS OF MUNICIPAL REVENUE AND EXPENDITURE AND ON THE LEVEL OF THE TAXPAYERS' TAX BURDEN

IMPACT ON THE LEVELS OF MUNICIPAL REVENUE AND EXPENDITURE AND ON THE LEVEL OF THE TAXPAYERS' TAX BURDEN ON THE BASIS OF DATA FOR 1979

	Year before reform takes effect	Year reform takes effect					
		Before the reform		After the reform			
				Hypothesis: total takeover of the standardized school property tax field		Hypothesis: partial takeover of the standardized school property tax field[2]	
	$000 000	$000 000	Variation from previous year	$000 000	Variation from previous year	$000 000	Variation from previous year
Municipalities							
Taxes from local sources	1 431	1 559		2 186		1 865	
Grants in lieu of government taxes	35	36		248		209	
Other own-source revenues	372	453		527		527	
Total own-source revenues	1 838	2 050		2 961		2 601	
Government assistance	632	679		161		156	
Total revenue	**2 470**	**2 729**	**10.5%**	**3 122**	**26.4%**	**2 757**	**11.6%**
Expenditure of urban communities and transit commissions[1]	656	734	11.9%	734	11.9%	734	11.9%
Less: C.U.M. tax	45	49		—		—	
Less: other revenues	175	200		200		200	
Less: Government assistance	160	183		204		204	
Municipalities' share in financing urban communities and transit commissions	276	302		330		330	
Municipalities' own expenditures	2 194	2 427	10.6%	2 792	27.3%	2 427	10.6%
Total expenditure	**2 470**	**2 729**	**10.5%**	**3 122**	**26.4%**	**2 757**	**11.6%**
Individuals							
Municipal taxes	869	956		1 313		1 110	
C.U.M. taxes	13	14		—		—	
School taxes	437	487		80		80	
Total taxes	**1 319**	**1 457**	**10.5%**	**1 393**	**5.7%**	**1 190**	**-9.8%**

IMPACT ON THE LEVELS OF MUNICIPAL REVENUE AND EXPENDITURE AND ON THE LEVEL OF THE TAXPAYERS' TAX BURDEN ON THE BASIS OF DATA FOR 1979 (cont'd)

	Year before reform takes effect	Year reform takes effect					
		Before the reform		After the reform			
				Hypothesis: total takeover of standardized school property tax field		Hypothesis: partial takeover of the standardized school property tax field[3]	
	$000 000	$000 000	Variation from previous year	$000 000	Variation from previous year	$000 000	Variation from previous year
Telecommunications, electricity, and gas companies							
Taxes on real property not entered on the assessment roll	26	26		100		100	
Additional provincial tax on paid-up capital of telephone companies	9	9		—		—	
Total taxes[2]	**35**	**35**		**100**		**100**	
Other companies							
Municipal taxes	562	603		873		755	
C.U.M. taxes	32	35		—		—	
School taxes	261	285		37		37	
Total taxes	**855**	**923**	**8.0%**	**910**	**6.4%**	**792**	**-7.4%**

[1] Capital expenditure of transit commissions are included in total expenditure and the commissions' operating deficits are recorded on the accrual basis.

[2] Not including taxes on real property entered on the assessment roll and included in other companies.

[3] Municipalities cause the taxpayers to benefit from the total net transfer of resources.

APPENDIX II

IMPACT ON MUNICIPALITIES BY GROUP OF MUNICIPALITIES AND BY MUNICIPALITY

REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: TOTAL TAKEOVER OF THE STANDARDIZED SCHOOL PROPERTY TAX COLLECTED BY SCHOOL BOARDS
(In thousands of dollars)

		Transfers		
	Number of municipalities	Population	Municipalities	Individuals
(A) Municipalities incorporated as cities and towns				
Distribution according to population				
LESS THAN 1 000	16	5 232	679	38
1 000 to 2 499	19	33 566	1 367	129
2 500 to 4 999	86	317 687	22 788	1 584
5 000 to 9 999	56	395 557	22 393	1 861
10 000 to 14 999	27	330 896	20 226	1 298
15 000 to 24 999	21	410 558	28 772	5 206
25 000 to 49 999	24	778 480	53 800	8 295
50 000 to 150 000	15	1 079 252	74 538	11 841
150 000 AND OVER	3	1 503 871	89 844	29 935
Total	267	4 855 099	314 407	60 135
(B) Municipalities governed by the municipal code				
Distribution according to population				
LESS THAN 500	287	100 640	4 237	295
500 to 999	431	314 299	11 439	786
1 000 to 1 499	245	295 543	10 391	807
1 500 to 1 999	123	213 604	7 739	410
2 000 to 2 999	85	199 965	8 195	650
3 000 to 3 999	31	103 949	3 465	361
4 000 to 4 999	8	34 402	1 664	136
5 000 AND OVER	8	54 228	3 470	252
Total	1 218	1 316 630	50 600	3 697
(C) All municipalities				
Distribution according to status				
C.U.M. municipalities	29	1 866 807	146 437	48 097
C.U.Q. municipalities	13	445 355	37 520	1 891
C.R.O. municipalities	8	189 640	16 415	1 126
Cities and towns outside communities	217	2 353 297	114 034	9 071
Rural municipalities	1 218	1 316 630	50 600	3 697
All municipalities	**1 485**	**6 171 729**	**365 007**	**63 883**

[1] T, E and G mean telecommunications, electricity and gas companies

Sources					
Companies other than T, E and G[1]	Total	T, E and G[1] companies	Governments	Shares	Total
7	724	-54	-670		-724
17	1 513	-280	-1 207	-26	-1 513
813	25 184	-3 254	-22 544	614	-25 184
-295	23 958	-4 328	-18 680	-951	-23 958
-536	20 988	-3 130	-17 747	-110	-20 988
4 723	38 701	-3 807	-33 255	-1 640	-38 701
5 356	67 450	-9 475	-54 243	-3 733	-67 450
1 511	87 890	-12 495	-71 253	-4 142	-87 890
938	120 717	-19 178	-111 513	9 974	-120 717
12 533	387 125	-56 001	-331 112	-13	-387 125
25	4 557	-595	-3 962		-4 557
151	12 376	-2 117	-10 259		-12 376
130	11 328	-2 077	-9 251		-11 328
90	8 239	-1 468	-6 772		-8 239
55	8 899	-1 524	-7 389	13	-8 899
30	3 856	-758	-3 098		-3 856
-46	1 754	-230	-1 524		-1 754
19	3 741	-490	-3 252		-3 741
454	54 751	-9 258	-45 506	13	-54 751
16 125	210 659	-23 132	-187 520	-7	-210 659
-1 030	38 381	-5 827	-32 543	-11	-38 381
-13	17 528	-1 576	-15 958	5	-17 528
-2 548	120 557	-25 465	-95 091		-120 557
454	54 751	-9 258	-45 506	13	-54 751
12 987	**441 876**	**-65 259**	**-376 618**		**-441 876**

C.U.M. Municipalities
REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: TOTAL TAKEOVER OF THE STANDARDIZED SCHOOL PROPERTY TAX COLLECTED BY SCHOOL BOARDS
(In dollars)

		Transfers		
Municipalities	**Code**	**Population**	**Municipalities**	**Individuals**
Montréal	6546	1 080 546	67 289 715	28 275 004
Montréal-Nord	6554	97 250	5 186 627	1 138 822
Lasalle	6502	76 713	4 039 660	1 035 674
Verdun	6501	68 013	5 172 216	1 269 604
Saint-Léonard	6551	78 452	3 216 416	1 518 621
Saint-Laurent	6534	64 404	8 649 850	3 626 212
Lachine	6509	41 503	4 620 711	1 053 431
Pointe-aux-Trembles	6558	35 618	2 756 344	284 896
Anjou	6552	36 596	2 831 032	1 043 054
Pierrefonds	6542	35 402	3 925 590	501 298
Dollard-des-Ormeaux	6538	36 837	4 615 438	596 224
Pointe Claire	6514	25 917	4 432 639	889 724
Outremont	6529	27 089	2 424 266	680 946
Côte-Saint-Luc	6508	25 721	2 804 871	1 098 747
Westmount	6526	22 153	3 832 662	1 368 966
Mont-Royal	6531	20 514	2 644 728	1 156 615
Dorval	6512	19 131	3 742 310	1 088 580
Beaconsfield	6518	20 417	3 384 085	263 856
Roxford	6539	7 106	531 763	54 912
Hampstead	6528	7 562	1 522 211	233 968
Saint-Pierre	6506	6 039	218 533	39 110
Montréal-Ouest	6504	5 980	672 587	86 049
Montréal-Est	6556	4 372	2 042 588	331 181
Sainte-Anne-de-Bellevue	6521	3 738	1 447 152	54 323
Kirkland	6516	7 476	1 922 584	168 428
Baie-D'Urfé	6519	3 955	868 242	89 344
Saint-Raphaël-de-l'Île-Bizard	6544	4 101	1 017 252	73 949
Saint-Geneviève	6541	2 869	225 171	30 280
Senneville	6524	1 333	399 784	45 399

Sources					
Companies other than T, E and G	Total	T, E and G companies	Governments	Shares	Total
1 844 485	97 409 204	-13 536 061	-93 254 819	9 381 676	97 409 204
73 960	6 399 409	-1 231 915	-3 726 999	-1 440 495	6 399 409
1 256 388	6 331 722	-917 578	-4 241 094	-1 173 051	6 331 722
5 780	6 447 600	-1 371 104	-4 531 476	-545 020	6 447 600
711 831	5 446 867	-918 947	-2 982 979	-1 544 942	5 446 867
79 097	12 355 159	-509 048	-12 514 353	668 243	12 355 159
93 677	5 767 818	-469 115	-5 180 129	-118 574	5 767 818
266 399	3 307 639	-600 585	-2 400 769	-306 285	3 307 639
442 605	4 316 691	-470 108	-3 565 042	-281 541	4 316 691
564 227	4 991 115	-614 325	-3 923 087	-453 703	4 991 115
725 946	5 937 608	-595 722	-4 663 835	-678 051	5 937 608
1 747 604	7 069 966	-132 048	-6 760 835	-177 082	7 069 966
233 340	3 338 552	-417 399	-2 261 204	-659 949	3 338 552
1 610 780	5 514 398	-245 024	-4 816 350	-453 024	5 514 398
1 227 650	6 429 278	-95 977	-5 537 131	-796 170	6 429 278
1 524 227	5 325 570	-129 345	-4 487 132	-709 093	5 325 570
2 4063 221	6 894 111	-82 637	-7 099 660	288 186	6 894 111
173 279	3 821 220	-243 877	-3 092 382	-484 961	3 821 220
3 414	590 088	-86 513	-418 945	-84 631	590 088
168 891	1 925 070	-91 792	-1 337 313	-495 965	1 925 070
-44 741	212 902	-74 759	-184 322	46 179	212 902
7 531	766 167	-75 796	-427 951	-262 420	766 167
634 652	3 008 421	1 372	-3 267 190	257 396	3 008 421
59 685	1 561 159	-19 127	-1 992 642	450 610	1 561 159
317 845	2 408 856	-94 117	-2 150 994	-163 746	2 408 856
151 526	1 109 113	-11 332	-1 010 910	-86 871	1 109 113
165 068	1 256 269	-51 222	-1 059 036	-146 012	1 256 269
2 577	258 028	-37 088	-209 354	-11 586	258 028
14 057	459 240	-11 288	-422 294	-25 658	459 240

C.U.Q. Municipalities
REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: TOTAL TAKEOVER OF THE STANDARDIZED SCHOOL PROPERTY TAX COLLECTED BY SCHOOL BOARDS
(In dollars)

			Transfers	
Municipalities	**Code**	**Population**	**Municipalities**	**Individuals**
Québec	2014	177 082	13 162 874	462 616
Sainte-Foy	2017	71 237	8 958 686	454 426
Charlesbourg	2037	63 147	3 354 636	366 370
Beauport	2020	55 339	4 524 725	217 722
Sillery	2016	13 580	3 661 652	66 592
Loretteville	2032	14 767	768 667	73 546
Vanier	2021	10 683	106 830	31 122
Ancienne-Lorette	2041	11 694	596 773	61 425
Val-Bélair	2050	10 716	488 390	49 475
Saint-Félix-du-Cap-Rouge	2019	5 716	573 909	43 876
Saint-Augustin-de-Desmaures	2901	3 904	926 874	30 628
Saint-Émile	2031	4 205	221 398	19 392
Lac Saint-Charles	2046	3 285	175 004	14 002

Sources					
Companies other than T, E and G	Total	T, E and G companies	Governments	Shares	Total
-1 155 756	12 469 734	-2 698 243	-10 364 040	592 549	12 469 734
161 087	9 574 199	-788 965	-9 234 658	449 424	9 574 199
30 095	3 751 101	-755 527	-2 379 748	-615 825	3 751 101
-120 029	4 622 419	-668 037	-3 681 275	-273 107	4 622 419
12 062	3 740 306	-116 767	-3 861 203	237 664	3 740 306
4 743	846 956	-190 250	-511 780	-144 926	846 856
21 839	159 791	-134 995	31 350	-56 146	159 791
7 310	665 508	-151 699	-382 123	-131 686	665 508
1 439	539 304	-155 508	-337 626	-46 170	539 304
3 208	620 993	-73 648	-509 689	-37 656	620 993
2 368	959 870	-18 850	-1 017 842	76 822	959 870
988	241 778	-45 034	-165 907	-30 838	241 778
266	189 272	-29 717	-128 171	-31 384	189 272

C.R.O. Municipalities
REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: TOTAL TAKEOVER OF THE STANDARDIZED SCHOOL PROPERTY TAX COLLECTED BY SCHOOL BOARDS
(In dollars)

			Transfers	
Municipalities	**Code**	**Population**	**Municipalities**	**Individuals**
Hull	7911	61 039	8 220 432	455 312
Gatineau	7905	73 479	5 204 553	329 524
Aylmer	7803	25 714	1 730 085	184 820
Buckingham	7533	14 328	143 280	65 063
La Pêche	7813	4 662	217 866	15 103
Hull west	7808	3 502	350 572	29 124
Pontiac	8003	3 365	230 942	21 251
Val-des-Monts	7537	3 551	317 667	26 257

Sources					
Companies other than T, E and G	Total	T, E and G companies	Governments	Shares	Total
83 949	8 759 693	-455 365	-8 312 842	8 515	8 759 693
-97 793	5 436 284	-772 876	-4 537 187	-126 221	5 436 284
11 623	1 926 528	-212 947	-1 670 000	-43 581	1 926 528
-14 479	193 864	-111 501	-113 222	30 858	193 864
992	233 961	-2 134	-316 721	84 894	233 961
877	380 573	11	-427 515	46 931	380 573
747	252 940	-7 583	-241 577	-3 779	252 940
651	344 575	-13 636	-338 722	7 783	344 575

Municipalities of 25 000 inhabitants and over outside communities
REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: TOTAL TAKEOVER OF THE STANDARDIZED SCHOOL PROPERTY TAX COLLECTED BY SCHOOL BOARDS
(In dollars)

			Transfers	
Municipalities	**Code**	**Population**	**Municipalities**	**Individuals**
Rimouski	739	27 4897	1 597 955	114 058
Cap-de-la-Madeleine	3211	32 126	1 231 159	114 116
Sherbrooke	3608	76 804	5 609 810	311 272
Granby	3912	37 132	1 089 259	150 834
Drummondville	4135	29 286	483 469	120 161
Trois-Rivières	4302	52 518	2 811 149	235 922
St-Hyacinthe	5110	37 500	1 701 110	151 669
Saint-Jean-Sur-Richelieu	5513	34 363	1 525 889	153 406
Saint-Hubert	5610	49 706	2 656 503	117 477
Boucherville	5612	25 530	2 441 210	179 862
Longueuil	5615	122 429	3 760 332	502 622
Repentigny	6204	26 698	1 265 612	150 159
Saint-Jérôme	6328	25 175	1 460 450	47 424
Laval	6424	246 243	9 391 728	1 197 497
Ville de Brossard	6610	40 370	2 667 887	273 072
Salaberry-de-Valleyfield	7016	29 716	795 439	129 969
Alma	9325	25 638	796 647	93 606
Chicoutimi	9420	57 737	1 958 535	198 976
Jonquière	9425	60 691	3 869 921	180 208
Sept-Îles	9711	30 617	2 684 866	103 289

Sources					
Companies other than T, E and G	Total	T, E and G companies	Governments	Shares	Total
42 067	1 754 080	-322 095	-1 431 985		1 754 080
-35 296	1 309 979	-333 449	-976 531		1 309 979
-10 059	5 911 023	-754 337	-5 156 686		5 911 023
36 359	1 276 452	-454 412	-822 040		1 276 452
-29 571	574 059	-204 647	-369 412		574 059
-479 857	2 567 214	-442 851	-2 124 362		2 567 214
40 754	1 893 533	-432 125	-1 461 409		1 893 533
43 583	1 722 878	-407 062	-1 315 816		1 722 878
29 355	2 803 335	-1 104 566	-1 793 654	94 885	2 803 335
48 569	2 669 641	-183 625	-2 027 286	-458 730	2 669 641
-19 689	4 243 265	-1 467 825	-3 226 233	450 793	4 243 265
9 859	1 425 630	-223 261	-1 202 369		1 425 630
101 763	1 609 637	-319 164	-1 290 473		1 609 637
248 904	10 838 129	-2 944 049	-7 894 081		10 838 129
44 868	2 985 827	-368 197	-2 420 732	-196 898	2 985 827
-130 842	794 566	-278 235	-516 331		794 566
-17 242	873 011	-192 178	680 833		873 011
16 262	2 173 774	-749 047	-1 424 727		2 173 774
-180 142	3 869 987	-691 451	-3 178 537		3 869 987
-533 218	2 554 937	-304 701	-1 950 235		2 254 937

REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: REQUIRED TAKEOVER OF THE
STANDARDIZED SCHOOL PROPERTY TAX
COLLECTED BY SCHOOL BOARDS TO GENERATE
CONSTANT MUNICIPAL REVENUE
(In thousands of dollars)

		Transfers		
	Number of municipalities	Population	Municipalities	Individuals
(A) Municipalities incorporated as cities and towns				
Distribution according to population				
LESS THAN 1 000	16	5 232		523
1 000 to 2 499	19	33 566		962
2 500 to 4 999	86	317 687		13 388
5 000 to 9 999	56	395 557		16 559
10 000 to 14 999	27	330 896		12 488
15 000 to 24 999	21	410 558		22 234
25 000 to 49 999	24	778 480		41 049
50 000 to 150 000	15	1 079 252		53 915
150 000 AND OVER	3	1 503 871		66 990
Total	267	4 855 099		228 110
(B) Municipalities governed by the municipal code				
Distribution according to population				
LESS THAN 500	287	100 640		3 461
500 to 999	431	314 299		8 845
1 000 to 1 499	245	295 543		8 165
1 500 to 1 999	123	213 604		5 766
2 000 to 2 999	85	199 965		6 423
3 000 to 3 999	31	103 949		2 954
4 000 to 4 999	8	34 402		1 103
5 000 AND OVER	8	54 228		2 508
Total	1 218	1 316 630		39 226
(C) All municipalities				
Distribution according to status				
C.U.M. municipalities	29	1 866 807		116 322
C.U.Q. municipalities	13	445 355		22 717
C.R.O. municipalities	8	189 640		12 175
Cities and towns outside communities	217	2 353 297		76 895
Rural municipalities	1 218	1 316 630		39 226
All municipalities	**1 485**	**6 171 729**		**267 336**

[1] Portion of the standardized school property tax taken over by the municipalities to generate as much revenue for them as before the reform.

[2] T, E and G mean telecommunications, electricity and gas companies.

Sources						
Companies other than T, E and G[2]	Total	T, E and G[2] companies	Governments	Shares	Total	Field taken over[1]
151	674	-47	-627		-674	5
343	1 305	-272	-1 007	-26	-1 305	48
8 204	21 592	-3 076	-19 130	614	-21 592	33
5 934	22 493	-4 362	-17 180	-951	-22 493	43
4 177	16 665	-3 134	-13 421	-110	-16 665	46
13 470	35 704	-3 696	-30 368	-1 640	-35 704	45
23 189	64 238	-9 386	-51 119	-3 733	-64 238	38
24 282	78 197	-12 177	-61 878	-4 142	-78 197	37
43 520	110 510	-20 890	-99 594	9 974	-110 510	54
123 268	351 378	-57 041	-294 324	-13	-351 378	44
541	4 002	-497	-3 504		-4 002	35
1 552	10 398	-1 789	-8 608		-10 398	40
1 436	9 601	-1 831	-7 770		9 601	45
1 360	7 127	-1 324	-5 802		-7 127	47
1 310	7 734	-1 399	-6 348	13	-7 734	45
566	3 520	-725	-2 796		-3 520	53
591	1 694	-214	-1 480		-1 694	49
343	2 851	-438	-2 413		-2 851	39
7 700	46 927	-8 218	-38 722	13	-46 927	44
82 380	198 703	-24 024	-174 673	-7	-198 703	43
7 685	30 403	-5 684	-24 708	-11	-30 403	31
3 398	15 574	-1 404	-14 175	5	-15 574	27
29 804	106 699	-25 930	-80 769		-106 699	50
7 700	46 927	-8 218	-38 722	13	-46 927	44
130 968	**398 304**	**-65 259**	**-333 046**		**-398 304**	**44**

C.U.M. Municipalities
REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: REQUIRED TAKEOVER OF THE
STANDARDIZED SCHOOL PROPERTY TAX
COLLECTED BY SCHOOL BOARDS TO GENERATE
CONSTANT REVENUE
(In dollars)

			Transfers	
Municipalities	**Code**	**Population**	**Municipalities**	**Individuals**
Montréal	6546	1 080 546		52 878 264
Montréal-Nord	6554	97 250		4 494 634
Lasalle	6502	76 713		3 387 782
Verdun	6501	68 013		4 175 800
Saint-Léonard	6551	78 452		3 496 579
Saint-Laurent	6534	64 404		6 405 057
Lachine	6509	41 503		2 640 063
Pointe-aux-Trembles	6558	35 618		1 741 132
Anjou	6552	36 596		2 251 922
Pierrefonds	6542	35 402		3 575 529
Dollard-des-Ormeaux	6538	36 837		4 350 688
Pointe Claire	6514	25 917		2 683 155
Outremont	6529	27 089		2 539 373
Côte-Saint-Luc	6508	25 721		3 108 617
Westmount	6526	22 153		3 722 380
Mont-Royal	6531	20 514		2 651 470
Dorval	6512	19 131		2 070 401
Beaconsfield	6518	20 417		3 212 135
Roxford	6539	7 106		499 055
Hampstead	6528	7 562		1 668 863
Saint-Pierre	6506	6 039		128 659
Montréal-Ouest	6504	5 980		642 776
Montréal-Est	6556	4 372		433 482
Sainte-Anne-de-Bellevue	6521	3 738		315 897
Kirkland	6516	7 476		1 326 323
Baie-D'Urfé	6519	3 955		724 488
Saint-Raphaël-de-l'Île-Bizard	6544	4 101		725 354
Saint-Geneviève	6541	2 869		175 215
Senneville	6524	1 333		297 216

Sources						
Companies other than T, E and G	Total	T, E and G companies	Governments	Shares	Total	Field taken over
38 176 885	91 055 149	-14 892 797	-85 544 029	9 381 676	91 055 149	55
1 436 842	5 931 476	-1 193 143	-3 297 838	-1 440 495	5 931 476	32
2 811 122	6 198 904	-944 082	-4 081 771	-1 173 051	6 198 904	46
912 541	5 088 340	-1 238 854	-3 304 465	-545 020	5 088 340	-18
1 996 834	5 493 414	-995 160	-2 953 312	-1 544 942	5 493 414	62
5 449 992	11 855 050	-521 336	-12 001 957	668 243	11 855 050	46
2 989 856	5 629 919	-452 820	-5 058 525	-118 574	5 629 919	29
1 318 921	3 060 052	-584 668	-2 169 099	-306 285	3 060 052	14
2 039 313	4 291 235	-499 621	-3 510 072	-281 541	4 291 235	47
1 191 965	4 767 495	-544 355	-3 769 437	-453 703	4 767 495	-12
1 475 395	5 826 083	-521 678	-4 626 354	-678 051	5 826 083	-6
4 169 793	6 852 948	-102 815	-6 573 051	-177 082	6 852 948	30
655 932	3 195 305	-399 082	-2 136 274	-659 949	3 195 305	11
2 298 992	5 407 609	-229 410	-4 725 175	-453 024	5 407 609	35
2 496 767	6 219 147	-81 156	-5 341 821	-796 170	6 219 147	33
2 645 079	5 296 548	-129 894	-4 457 562	-709 093	5 296 548	55
4 408 291	6 478 692	-72 306	-6 694 572	288 186	6 478 692	43
433 757	3 645 892	-171 859	-2 989 072	-484 961	3 645 892	-19
68 265	567 319	-73 781	-408 907	-84 631	567 319	14
231 996	1 900 860	-76 420	-1 328 474	-495 965	1 900 860	-1
82 640	211 299	-79 427	-178 052	46 179	211 299	43
98 940	741 716	-68 153	-411 143	-262 420	741 716	9
2 566 834	3 000 316	3 029	-3 260 741	257 396	3 000 316	35
339 237	655 135	-6 011	-1 099 734	450 610	655 135	-28
1 038 991	2 365 314	-74 955	-2 126 613	-163 746	2 365 314	-10
361 040	1 085 528	1 442	-1 000 099	-86 871	1 085 528	-5
515 540	1 240 894	-38 623	-1 056 260	-146 012	1 240 894	-35
58 906	234 122	-29 969	-192 566	-11 586	234 122	-5
109 613	406 829	-5 609	-375 562	-25 658	406 829	-32

C.U.Q. Municipalities
REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: REQUIRED TAKEOVER OF THE
STANDARDIZED SCHOOL PROPERTY TAX
COLLECTED BY SCHOOL BOARDS TO GENERATE
CONSTANT REVENUE
(In dollars)

			Transfers	
Municipalities	Code	Population	Municipalities	Individuals
Québec	2014	177 082		6 573 372
Sainte-Foy	2017	71 237		5 171 746
Charlesbourg	2037	63 147		2 979 618
Beauport	2020	55 339		2 826 911
Sillery	2016	13 580		2 026 166
Loretteville	2032	14 767		721 966
Vanier	2021	10 683		98 905
Ancienne-Lorette	2041	11 694		551 079
Val-Bélair	2050	10 716		471 222
Saint-Félix-du-Cap-Rouge	2019	5 716		537 783
Saint-Augustin-de-Desmaures	2901	3 904		390 647
Saint-Émile	2031	4 205		208 222
Lac Saint-Charles	2046	3 285		159 695

Sources						
Companies other than T, E and G	Total	T, E and G companies	Governments	Shares	Total	Field taken over
2 868 655	9 442 027	-2 780 200	-7 254 376	592 549	9 442 027	40
2 510 720	7 682 467	-697 532	-7 434 359	449 424	7 682 467	20
602 567	3 582 185	-743 380	-2 222 980	-615 825	3 582 185	44
788 782	3 615 693	-596 953	-2 745 633	-273 107	3 615 693	8
375 301	2 401 468	-64 071	-2 575 060	237 664	2 401 468	-15
62 776	784 742	-184 000	-455 615	-144 926	784 742	36
74 754	173 660	-157 130	39 617	-56 146	173 660	86
87 661	638 740	-152 168	-354 885	-131 686	638 740	42
56 846	528 068	-155 966	-325 932	-46 170	528 068	43
61 431	599 214	-69 463	-492 095	-37 656	599 214	27
148 591	539 238	-10 209	-605 851	76 822	539 238	12
30 457	238 679	-43 578	-164 263	-30 838	238 679	32
16 802	176 497	-29 044	-116 069	-31 384	176 497	20

C.R.O. Municipalities
REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: REQUIRED TAKEOVER OF THE
STANDARDIZED SCHOOL PROPERTY TAX
COLLECTED BY SCHOOL BOARDS TO GENERATE
CONSTANT REVENUE
(In dollars)

		Transfers		
Municipalities	Code	Population	Municipalities	Individuals
Hull	7911	61 039		5 146 865
Gatineau	7905	73 479		4 206 003
Aylmer	7803	25 714		1 574 510
Buckingham	7533	14 328		176 400
La Pêche	7813	4 662		200 275
Hull west	7808	3 502		338 565
Pontiac	8003	3 365		224 889
Val-des-Monts	7537	3 551		307 635

Sources						
Companies other than T, E and G	Total	T, E and G companies	Governments	Shares	Total	Field taken over
1 984 744	7 131 608	-355 353	-6 784 770	8 515	7 131 608	16
990 758	5 196 761	-705 621	-4 364 919	-126 221	5 196 761	22
281 453	1 855 964	-200 127	-1 612 256	-43 581	1 855 964	46
24 397	200 797	-131 181	-100 474	30 858	200 797	86
27 704	227 978	-782	-312 091	84 894	227 978	42
36 112	374 677	3 134	-424 742	46 931	374 677	21
21 257	246 146	-3 187	-239 180	-3 779	246 146	29
32 073	339 708	-10 494	-336 997	7 783	339 708	28

Municipalities of 25 000 inhabitants and over outside communities
REFORM OF MUNICIPAL TAXATION
IMPACT ON MUNICIPALITIES, INDIVIDUALS, COMPANIES AND GOVERNMENTS
HYPOTHESIS: REQUIRED TAKEOVER OF THE
STANDARDIZED SCHOOL PROPERTY TAX
COLLECTED BY SCHOOL BOARDS TO GENERATE
CONSTANT MUNICIPAL REVENUE
(In dollars)

			Transfers	
Municipalities	**Code**	**Population**	**Municipalities**	**Individuals**
Rimouski	739	27 897		1 005 79
Cap-de-la-Madeleine	3211	32 126		942 580
Sherbrooke	3608	76 804		3 358 929
Granby	3912	37 132		893 218
Drummondville	4135	29 286		401 843
Trois-Rivières	4302	52 518		1 610 649
Saint-Hyacinthe	5110	37 500		1 129 329
Saint-Jean-sur-Richelieu	5513	34 363		996 318
St-Hubert	5610	49 706		2 010 522
Boucherville	5612	25 530		1 731 102
Longueuil	5615	122 429		3 435 914
Repentigny	6204	26 698		1 128 044
Saint-Jérôme	6328	25 175		861 943
Laval	6424	246 243		7 538 748
Ville de Brossard	6610	40 370		2 352 771
Salaberry-de-Valleyfield	7016	29 716		544 210
Alma	9325	25 638		507 892
Chicoutimi	9420	57 737		1 266 028
Jonquière	9425	60 691		1 952 590
Sept-Îles	9711	30 617		1 009 444

Source						
Companies other than T, E and G	Total	T, E and G companies	Governments	Shares	Total	Field taken over
412 986	1 418 766	-313 319	-1 105 446		1 418 766	44
265 264	1 207 844	-328 992	-878 852		1 207 844	48
1 364 951	4 723 880	-707 974	-4 015 906		4 723 880	33
347 662	1 240 880	-494 641	-746 239		1 240 880	64
163 521	565 364	-234 904	-330 460		565 364	82
587 476	2 198 125	-435 040	-1 763 085		2 198 125	50
498 171	1 627 500	-432 877	-1 194 624		1 627 500	51
478 827	1 475 145	-411 016	-1 064 129		1 475 145	56
541 509	2 552 031	-1 159 780	-1 487 136	94 885	2 552 031	31
846 071	2 577 173	-154 869	-1 963 573	-458 730	2 577 173	28
702 051	4 137 965	-1 586 292	-3 002 466	450 793	4 137 965	61
239 561	1 367 604	-221 918	-1 145 686		1 367 604	53
546 082	1 408 025	-324 947	-1 083 078		1 408 025	43
2 474 333	10 013 082	-3 217 415	-6 795 667		10 013 082	60
576 926	2 929 698	-353 214	-2 379 585	-196 898	2 929 698	46
210 606	754 816	-299 814	-455 002		754 816	64
298 013	805 905	-199 186	-606 720		805 905	67
657 281	1 923 309	-798 719	-1 124 590		1 923 309	62
1 485 008	3 437 598	-657 613	-2 779 986		3 437 598	38
1 093 569	2 103 013	-292 350	-1 810 663		2 103 013	44

APPENDIX Iii

COMPARISON OF THE VARIOUS PLANS TO REFORM THE FINANCING OF MUNICIPALITIES AND COMMUNITIES

- **Government proposal**
  (Budget Speech)
- **Comité conjoint proposal**
- **Reform**

CHANGES AFFECTING MUNICIPAL OWN-SOURCE REVENUE

	Government proposal (Budget Speech)	Comité conjoint proposal	Reform
• **Transfer of standardized school property tax.**			Estimated transfer on the basis of tax collected.
• **Tax not collected owing to the freeze in the value of taxable school property.**			Gain for the taxpayers and cost to the government.
• **School surtaxes.**	Abolition of the share applicable to individuals and recovery of the share applicable to industrial and commercial real property.	LONG TERM Abolition of the share applicable to individuals and non recovery of the share applicable to industrial and commercial real property.	Abolition of the share applicable to individuals and recovery of the share applicable to industrial and commercial real property.
• **School property tax for financing expenditures ineligible for budget balancing grants.**	Continuance with control mechanism.	LONG TERM Gradual abolition.	Continuance with control mechanism and introduction of an equalization formula similar to that of municipalities.
• **Grant in lieu of tax on the full value of buildings in the education and social affairs networks.**			Proposed rates: (a) 80% of the overall tax rate in each municipality for the buildings in the networks. (b) 40% of the overall tax rate in each municipality for school board buildings.
• **Additional grant in lieu of tax on government buildings.**	(a) Owing to the transfer of the standardized school property tax. (b) Owing to the expansion of the compensation program in lieu of property taxes on public immoveables: Museums, conservatories, theatres, libraries, specialized schools, historic houses, aquariums, botanical and zoological gardens, fish hatcheries, marine biology stations, ferry wharves, airport runways and surpluses from highway expropriation.		(a) Owing to the transfer of the standardized school property tax. (b) Owing to the expansion of the compensation program in lieu of property taxes on public immoveables. Museums, conservatories, theatres, libraries, specialized schools, historic houses, aquariums, botanical and zoological gardens, fish hatcheries, marine biology stations, ferry wharves, airport runways and surpluses from highway expropriation. (c) Grant in lieu of taxes on the full value of the Régie de la Place des Arts immovables.

CHANGES AFFECTING MUNICIPAL OWN-SOURCE REVENUE (cont'd)

	Government proposal (Budget Speech)	Comité conjoint proposal	Reform
Grant in lieu of business taxes on government immoveables.		SHORT TERM Grant in lieu of business taxes on the federal and Québec government buildings, establishments and administrative premises.	Proposal accepted The maximum rate is a multiple of 5.5 times the overall taxation rate for the territory as a whole.
• **Property tax on real property now exempt.**			Assessment and taxation of seaport wharves, supports for industrial machinery, refinery flames and chimneys and handling systems.
• **Changes in the system of taxing telecommunications, electricity and gas companies.**	Tax based on gross revenue distributed in proportion to population and weighted by the overall tax rate of each municipality in proportion to the provincial average.		Tax based on gross revenue distributed in proportion to population and weighted by the overall taxation rate of each municipality in proportion of the provincial average. Supplementary tax for private electricity companies calculated on the basis of their production exempt from taxes on final sales.
• **Compensation for the ceiling effect on the property taxes on farm land.**			Compensation paid to municipalities.
• **Tax on the rental value of places of business.**	Expansion of this tax field for all municipalities, takeover of the field being optional. • Gradual abolition of the right to levy a business tax on a basis other than the rental value. • The maximum rate is a multiple of 4 times the overall taxation rate for the municipalities outside communities and a multiple of 5.5 times the overall taxation rate for municipalities belonging to a community, including Laval and Longueuil.	SHORT TERM Proposal accepted. • The maximum rate of the business tax is set at a multiple of the overall taxation rate which cannot exceed 15% of the rental value. • Special recommendation for the City of Montréal as regards the rental value to collect the business tax. LONG TERM Proposal accepted. • The maximum rate does not exceed 5 times the general property tax rate. • Tax applicable to all places of business. • Left-overs recovered at 100%.	• The maximum rate is a multiple of 5.5 times the overall tax rate in the territory. • Maximum rate for small businesses being equal to a 15% business tax rate. • Tax applicable to all places of business. • Let-overs not recovered.

CHANGES AFFECTING MUNICIPAL OWN-SOURCE REVENUE (cont'd)

	Government proposal (Budget Speech)	Comité conjoint proposal	Reform
• **Tenants' tax.**			Abolition.
• **City of Montréal surtax on assessed value exceeding $100 000.**			Abolition of the part applicable to individuals and integration into the reorganization of the business tax for the part applicable to industrial and commercial real property.

CHANGES REGARDING GOVERNMENT ASSISTANCE TO MUNICIPALITIES

	Government proposal (Budget Speech)	Comité conjoint proposal	Reform
• **Share of the sales tax.**			Abolition and creation of an equalization fund.
• **Share of the tax on meals and hotels.**	Abolition.	SHORT TERM Continuance of this subsidy on a medium-term basis as compensation. Request from Montréal, Laval and Québec city.	Abolition.
• **Per capita subsidies.**			Abolition.
• **Present grant in lieu of taxes on immoveables of the networks based on the number of beds or of students and on assessment.**			Abolition.
• **Special subsidy to Québec City.**	Not discussed	SHORT TERM Abolition and replacement by the subsidy originating from the tax on meals and hotels.	Abolition.
• **Deficit of the Régie de la Place des Arts and financing of the Conseil des Arts.**	Not discussed	Not discussed.	In view of the abolition of the share of the sales tax paid to municipalities, the entire deficit of the Régie de la Place des Arts is borne by the government. As regards the Conseil des Arts, total financing is assumed by the City of Montréal.
• **Equalization fund.**	Institution of an equalization program for the poorest municipalities based on their tax potential and their tax burden.	Proposal accepted.	Improved proposal • For municipalities of 20 000 inhabitants or more, the deficiency factor is based on 75% of the average tax potential of all the municipalities. • For the other municipalities, the percentage remains at 66⅔%.
• **Minimum transfer formula.**			Minimum gain guaranteed to all municipalities regardless of their tax burden.
• **Conditional grants.**			Abolition of most of the conditional grants related to future commitments.

CHANGES AFFECTING THE MUNICIPALITIES' SHARE IN THE FINANCING OF URBAN COMMUNITIES AND PUBLIC TRANSPORTATION

	Government proposal (Budget Speech)	Comité conjoint proposal	Reform
• **Reorganization of shares.**	• Standard formula for distribution of shares, based on the member municipalities' tax potential, except where rates are applied. • Tax potential is defined as: (a) standardized taxable real property assessment; (b) standardized real property assessment of federal and Québec government administrative buildings; (c) 80% of the standardized real property assessment of immoveables in the social affairs and education networks; (d) 40% of the standardized real property assessment of primary and secondary schools; (e) 5.5 times the roll of rental values. • The excess of the 2.3 of the per capita tax potential added to the municipality's initial tax potential base.	SHORT TERM Proposal accepted except with regard to greater participation by municipalities with very strong concentration of real property value. LONG TERM Adjustment of the distribution base according to changes in the base for taxing public and parapublic buildings.	• Standard formula for distribution of shares based on the member municipalities' tax potential, except where rates are applied. • Tax potential is defined as: (a) standardized taxable real property assessment; (b) standardized property assessment of federal and Québec government administrative buildings; (c) 80% of standardized assessment of buildings in the social affairs and education networks; (d) 40% of the standardized assessment of primary and secondary schools; (e) 5.5 times the standardized roll of rental values, including the standardized rental value of governement buildings, establishments and administrative premises with regard to which a grant in lieu of a tax is paid.
• **C.U.M. surtax.**			Abolished.
• **Budget-balancing grants paid to urban comunities.**			Abolished.
• **Decentralized functions: air quality control, food inspection, investigation police force, social housing.**	Not discussed.	SHORT TERM Compensation of costs of local or regional management of provincial services.	• Compensation as contracts for services for air quality control and food inspection. • Police force: compensation once the dispute with the federal government is settled. • Social housing: no additional compensation.

CHANGES AFFECTING THE MUNICIPALITIES' SHARE IN THE FINANCING OF URBAN COMMUNITIES AND PUBLIC TRANSPORTATION (cont'd)

	Government proposal (Budget Speech)	Comité conjoint proposal	Reform
• **Reorganization of grants for public transportation.**	(a) operating purposes: replacement of grant based on deficit by a formula based on revenue generated by the public transportation system, including losses by reason of reduced rates for students and the elderly, and integrated school transport. • 20% of C.T.C.U.M. revenue • 40% of revenue for the other transit commissions. • 20% of revenue from outside the territory when municipalities served are legally responsible for the deficit.	SHORT TERM Proposal not accepted; Replacement of the existing form of assistance for public transportation by a formula based on the expenses of public transportation: • C.T.C.U.M.: grant of 33 ⅓% of operating costs and capital expenditures, not including the metro; Grant of 100% of the metro debt service; • Other commissions: grant of 40% of operating costs and capital expenditures; additional grant of 33 ⅓% of the cost of purchasing transport system and building garages. • loss resulting from reduced rates compensated at 100% and loss resulting from integrated school transport compensated on the basis of the full adult rate or the average cost of exclusive school transport. LONG TERM • local elected representatives entrusted with control of transit bodies; • abolition of grant for interchangeable tickets; • grant on the basis of a policy for better balanced territorial distribution of government expenditures among other types of transportation which replace it.	Government proposal accepted with these changes: (a) operating purposes: • grant for revenues generated set at 40% for all commissions; • additional grant of 110% of losses resulting from introduction of passes; • loss resulting from integrated school transport compensated at a rate of 100%. • loss resulting from reduced rates for students and the elderly not compensated at 100% but included under revenue generated for purposes of the general grant.
	(b) for capital expenditures; • grant of 60% of the metro debt service is increased to 75%; • grant of 30% for bus purchases is increased to 75% and extended to other capital expenditures such as: land purchases, garage building, development of parking lots, acquisition of systems on the territory served by a body, purchase of equipment for rapid urban transit and balance of debt service relating to garages erected since January 1, 1975.		(b) capital expenditures; • grant of 60% of the metro debt service remains for work begun before January 1, 1980; • grant of 100% of the debt service for the metro and other regional infrastructures and equipment for rapid urban transit, for work begun after January 1, 1980; • grant of 75% for the purchase of buses made in Québec, the purchase and installation of bus shelters, the acquisition of all or part of the system on the territory served by the body, and the debt service relating to the purchase of land and the construction of garages, terminuses, administrative centres and stations; • grant of 75% of the balance of the debt service relating to the construction of garages built after January 1, 1975, and 50% of the balance of the debt service relating to the purchase of buses bought after January 1, 1974.

IMPACT OF VARIOUS REFORM PROPOSALS

	Government proposal (Budget Speech)	Comité conjoint proposal		Reform
		SHORT TERM	LONG TERM	
• Net transfer of resources to municipalities	$305 M	$436 M	$721 M	$365 M
• Cost to the government	$325 M	$485 M	$568 M	$405 M

APPENDIX IV

STANDARD BUDGET FOR A MUNICIPALITY FOR THE FIRST YEAR OF APPLICATION OF THE REFORM OF MUNICIPAL TAXATION

REVENUE FROM LOCAL SOURCES

		1980 Budget $
TAXES		
• General property tax		
$8 108 600 / Taxable property assessment x $1.23/$100 / General property tax	1	99 736
• Other general taxes	2	—
• Locally-levied taxes	3	6 600
• Water	4	58 000
• Garbage removal and disposal	5	12 500
• Snow removal	6	—
• Other	7	100
• Subtotal of taxes, excepting business tax	8	176 936
Calculation of overall rate of taxation		
$176 936 / Taxes, excepting business tax (line 8) ÷ $8 108 600 / Taxable property assessment	9	$2.18/$100
Calculation of the maximum rate of business tax		
$2.18 / Overall tax rate (line 9) x 5.5 / Multiple applicable ÷ 1.1* / Adjustment factor	10	10.90%
• Business tax		
$81 430 / Rental value roll x 7.00% / Business tax rate	11	5 700
Total tax revenue	12	**182 636**

GRANTS IN LIEU OF TAXES

• Federal government $\frac{\$33\,250}{\text{Property assessment}} \times \frac{\$1.23/\$100}{\text{General property tax}}$	13	409
• Federal government enterprises $\frac{\$0}{\text{Property assessment}} \times \frac{\$1.23/\$100}{\text{General property tax}}$	14	—
• Gouvernement du Québec $\frac{\$29\,700}{\text{Property assessment}} \times \frac{\$1.23/\$100}{\text{General property tax}}$	15	365
• Immoveables of the social affairs system $\frac{\$149\,700}{\text{Property assessment}} \times \frac{0.80}{\text{Taxable portion}} \times \frac{\$2.18/\$100}{\text{Overall rate (line 9)}}$	16	2 611
• Immoveables of the cegeps and universities $\frac{\$0}{\text{Property assessment}} \times \frac{0.80}{\text{Taxable portion}} \times \frac{\$2.18/\$100}{\text{Overall rate}}$	17	—
• Elementary and secondary schools $\frac{\$163\,400}{\text{Property assessment}} \times \frac{0.40}{\text{Taxable portion}} \times \frac{\$2.18/\$100}{\text{Overall rate}}$	18	1 425
• Telecommunications, electricity and gas systems based on their 1979 revenue $\frac{\$687\,578}{\text{Tax base equivalent to assessment}} \times \frac{\$2.18/\$100}{\text{Overall rate}}$	19	14 989
• Payment of adjustment to telecommunications revenue in 1978*	20	4 386
• Grants in lieu of government taxes not based on the general property tax	21	600
• Community organizations	22	200
• Private enterprises and individuals (trailers)	23	100

• Compensation for the ceiling effect on farm land at \$375 per hectare $\frac{\text{\$441 000}}{\text{Property assessment of farms and woodlots exceeding \$375 per hectare}} \times \frac{\text{\$1.23/\$100}}{\text{General property tax}}$	24	5 424
Total grants in lieu of taxes	25	**30 509**
SERVICES RENDERED TO OTHER MUNICIPALITIES		
• Fire protection	26	300
• Water	27	9 000
Total services to other municipalities	28	**9 300**
OTHER SERVICES RENDERED		
• Culture and recreation	29	2 400
• Recoveries from third parties	30	200
• Other	31	500
Total of other services rendered	32	**3 100**
OTHER REVENUES FROM LOCAL SOURCES	33	1 800
TOTAL OF REVENUES FROM LOCAL SOURCES	34	**227 345**

REVENUES FROM TRANSFERS		
UNCONDITIONAL TRANSFERS		
• Equalization fund $\frac{\text{\$176 936}}{\text{Taxes excepting business tax (line 8)}} \times \frac{\text{0.08*}}{\text{Fiscal capacity deficiency factor}}$	35	14 155
• Minimum transfer formula*	36	5 600
• Payment of adjustment for sales tax compensation for 1979-1980*	37	4 800
Total unconditional transfers	38	**24 555**
CONDITIONAL TRANSFERS		
• Water and sewers	39	45 200
• Winter road maintenance	40	18 900
Total conditional transfers	41	**64 100**
TOTAL REVENUE FROM TRANSFERS	42	**88 655**
TOTAL REVENUE	43	**316 000**
TOTAL EXPENDITURE	44	**316 000**

* Data followed by an * will be furnished to the municipalities by the government every fall before municipal budgets are tabled. However, for the first year of the reform only, the government will allow the municipalities to wait until March 31, 1980, to table their budgets, and will also permit them to collect an interim tax account, in order to enable the government to furnish the municipalities before that date with the information they will need to prepare their budgets.